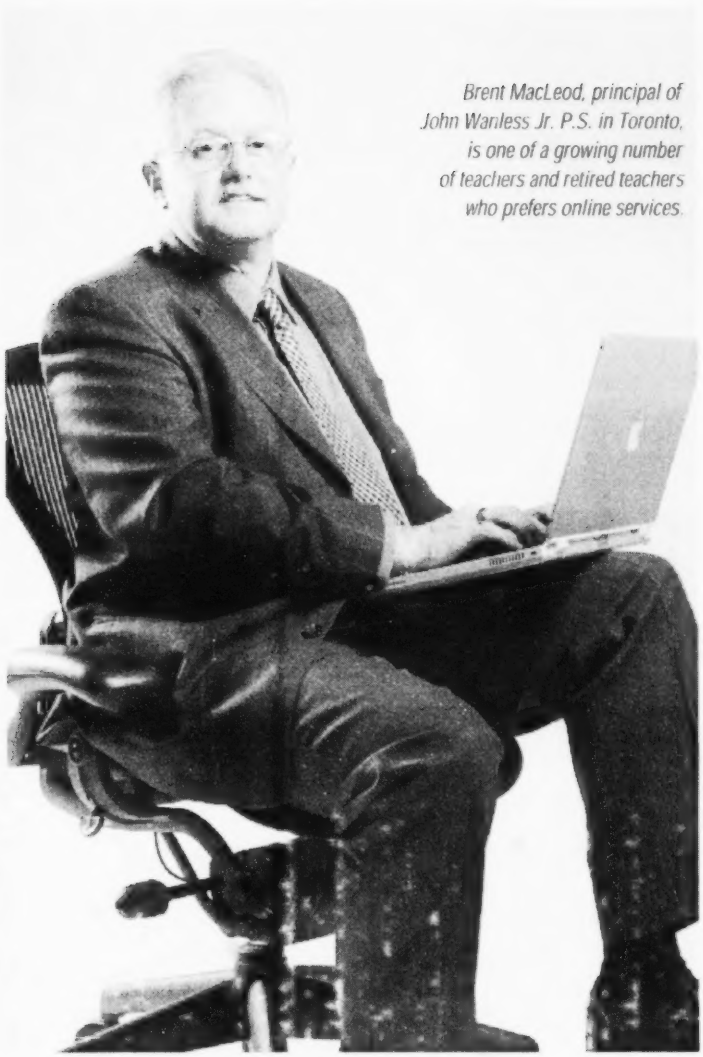
TEACHERS' PENSION PLAN

Pension News

INFORMATION FOR RETIRED EDUCATORS AND THEIR SURVIVORS SPRING 2003

Pension plan offers secure online option



Brent MacLeod, principal of John Wanless Jr. P.S. in Toronto, is one of a growing number of teachers and retired teachers who prefers online services.

Internet use in Canada has soared. According to Statistics Canada, 7.3 million households have at least one or more members who regularly use the Internet. This is up by 1.1 million households since 2001.

Retired teachers are among a significant group of new users. As part of our regular telephone surveys of pension plan members, almost two-thirds of retired teachers report having regular access to the Internet.

As more teachers and retired teachers surf the Internet and use secure Web sites, there is a growing expectation that pension services also be available online for those who prefer it.

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Register at www.otpp.com to receive news electronically

Q&A

You asked us:

Q: *In the* Report to Members *you expressed concern about the possibility of a pension deficit in the future. Could my pension be affected?*

A: Your pension is completely secure. You can expect to enjoy your benefits, including annual inflation adjustments, for as long as you and your eligible survivors live. The benefits you were entitled to when you retired are yours for life.
(For more information on the plan's long-term challenge, read the *2002 Report to Members*.)

Q: *Why doesn't the Teachers' pension plan provide medical and dental benefits for retired teachers? Ontario Hydro provides health benefits to their retired employees.*

A: Some employers, such as Ontario Hydro, provide health benefits to their retired employees from their general revenue, and not their pension fund. The Teachers' pension plan is not the former employer of teachers and cannot provide health benefits in the same way.

The Teachers' pension plan can only provide the benefits permitted for registered pension plans under the *Income Tax Act*. Health benefits are not permitted.

Q: *I am a retired teacher playing the stock market. I have been watching your investments and I don't understand how you intend to make money buying an interest in a hockey team.*

A: Despite the Leafs' early exit from this year's Stanley Cup playoffs, Maple Leaf Sports and Entertainment (MLSE) is the most successful sports franchise in North America. It has also proven to be a good investment for the fund, growing substantially since we first invested in it back in 1994. We make money on such investments by helping the company grow over time and become more successful. Eventually we sell these investments and realize the value.

Q: *I would like to know what is being done to allow teachers and retired teachers to make additional investments in their pension plan. There are a number of us who would like to invest in the pension plan to increase our retirement savings.*

A: It would be up to the co-sponsors, namely the Ontario Teachers' Federation and the Ontario government, to change our mandate and permit this to happen.

For information about services, investments and up-to-date news and publications, visit to our Web site, www.otpp.com.

Pension plan offers secure online option

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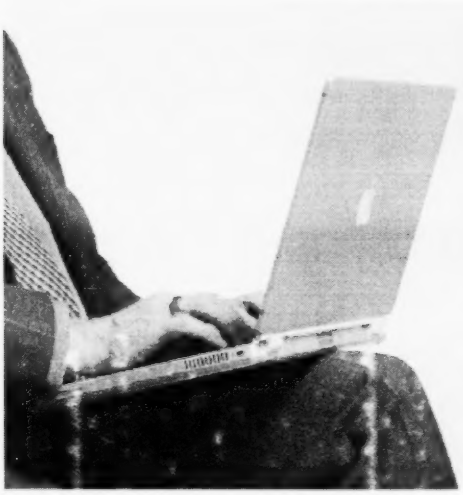
*i*Access, our new secure online service, allows you to update your address, phone number and other contact information and view your recent pension statement, all from the convenience of your computer.

The Teachers' pension plan Web site is also a great source of plan information. You can get the facts about investments making news, read the latest or past annual reports or consult the rules about pension benefits, such as providing survivor benefits to your new spouse, or the number of days you can teach in a school year without affecting your pension.

If you own shares in public companies, the corporate governance section of the Web site is also a useful source of information on proxy voting issues. You can explore a shareholder proposal by seeing how we intend to vote, and then make up your own mind.



Most teachers say the Internet has helped them connect better to loved ones and makes it easier to get information.

In a telephone survey conducted late last year, 65.7% of retired Ontario teachers reported having access to the Internet. Of this group, 92.4% said they use the Internet most to send and receive e-mail, while 87.3% report using it to visit Web sites in search of financial information and the latest news.

Whether you're interested in online service, pension-related information or exploring how to vote your proxies, visit the Teachers' pension plan Web site the next time you're surfing the Internet.

You can join the thousands who have already registered for the *i*Access service by calling 416-226-2700, or toll free at 1-800-668-0105, or visiting our Web site at www.otpp.com.

Providing survivor pension for new spouse not automatic

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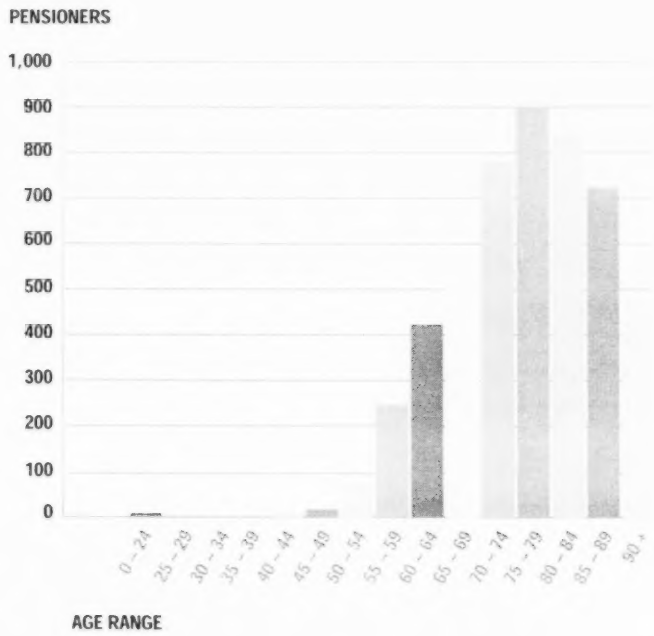
More information

Visit our Web site for a copy of the information memo, *Survivor Pensions After Retirement for Pensioners*, or telephone one of our pension benefits specialists. They'll be pleased to answer your specific questions.

Survivor pension information

Of the more than 5,000 surviving spouses currently collecting a pension, more than 450 are 90 or older (the oldest survivor is 104). About 600 survivors started their pensions last year with an average annual pension of $23,000.

AGE OF SURVIVOR PENSIONERS



The pensioner numbers are based on pension payroll and demographic data as at December 31, 2002.

CPP survivor pension

According to the Human Resources Development Canada Web site, CPP provides three types of survivor benefits. For details please visit www.hrdc-drhc.gc.ca , or contact the office nearest you.

CPP Death Benefit

This is a one-time payment to your estate to a maximum of $2,500.

CPP Survivor Pension

This is a monthly pension paid to your spouse or common-law partner. The amount a survivor receives depends on how long you've contributed to CPP, your spouse's age when you die and whether your spouse is receiving a CPP disability or retirement pension.

CPP Children's Benefit

This is a monthly benefit paid to dependent children.

Your survivor must apply

These CPP benefits are in addition to the survivor benefits provided by the Teachers' pension plan, but like Teachers' benefits, your survivor must apply.

Providing your new spouse with a survivor pension is not automatic

Marriage or a common-law relationship after retirement does not automatically entitle your new spouse to a survivor pension. You must apply and there are conditions. For instance, if your previous spouse remains eligible you cannot provide your new spouse with a survivor pension.

The rules concerning eligibility vary according to when you retired. If you retired after 1989, the spouse you were living with when you received your first pension payment is the spouse eligible for your survivor pension, even if you subsequently separate, divorce or remarry.

If you retired before 1988, the spouse you were living with on the last day of employment in education is eligible for a survivor pension provided you do not divorce or end the common-law relationship.

If you started receiving your pension in 1988 or 1989, or you quit teaching before 1988 and your pension didn't begin until after 1988, the transition rules determining eligibility are more complicated. Please contact us to determine if your new spouse is eligible for a survivor pension.

Providing your new spouse with a survivor pension

Marriage or common-law relationship after retirement does not automatically entitle your new spouse to a survivor pension.

In general, you must apply by completing the *Direction for a Survivor Pension* form within 90 days of your marriage or your Statutory Declaration (for common-law). If you miss the 90-day deadline, you may still be eligible with a medical examination.

Your pension is reduced to provide the survivor pension—even for a 50% survivor pension.

To provide your new spouse with a survivor pension your pension is reduced based on your age and the age of your spouse and the percentage of the survivor pension you wish to provide. The reduction we apply to your pension is permanent and remains in effect even if your spouse predeceases you.

If you marry or establish a common-law relationship after your pension starts, you have the option to provide a survivor pension of 50 to 75% of your pension (minus CPP reduction) provided you do not have an eligible ex-spouse.

Deciding on whether to provide your new spouse with a survivor pension

You may want to begin by assessing the extent to which your new spouse will need to rely on your survivor pension. If your new spouse is already collecting a pension or is making use of large RRSP savings or other investments, you'll want to carefully weigh the cost of purchasing this benefit. However, if your spouse has no other source of income, you may wish to consider providing the survivor pension you can afford.

In making your decision you may also wish to consider your health, family history and gender.

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Granting power of attorney

What happens if you become incapacitated?

If you were to become incapacitated as a result of illness or injury, your family would need legal authority to manage your financial affairs.

This means we're powerless to carry out requests from your spouse or immediate family member, or release information without your power of attorney.

In the event that you are unable to make decisions for yourself, having granted power of attorney to someone you trust can simplify your financial affairs.

A lawyer can advise you on drawing up specific conditions and limitations in granting power of attorney. As well, the Office of the Public Guardian and Trustee provides a 24-page "Power of Attorney Kit" (with forms). You can get a copy from the Web site of the Ontario Ministry of the Attorney General www.attorneygeneral.jus.gov.on.ca.

Pension News

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We appreciate your comments about anything you read in *Pension News*. Please contact John Cappelletti at (416) 730-5351 or 1-877-812-7989 or e-mail: john_cappelletti@otpp.com

This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.

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Board of Directors

New appointments to board

Two recently retired business executives and accountants are the newest appointments to the nine-member board of the Teachers' pension plan. They began their terms in January.

J. Douglas Grant

J. Douglas Grant recently retired from management of Sceptre Investment Counsel Ltd., where he helped to found the company in 1971 and served as its CEO until 1990. Mr. Grant remains as chairman of Sceptre Investments, a position he has held for 17 years. Mr. Grant is a fellow of the Institute of Chartered Accountants and is a Chartered Financial Analyst.

Thomas C. O'Neill

Thomas C. O'Neill recently retired as chairman of PwC Consulting, where he had previously served as CEO. He has spent his 35 year career with PricewaterhouseCoopers. Mr. O'Neill also has boardroom experience with a number of major multinational companies. Mr. O'Neill is a fellow of the Institute of Chartered Accountants of Ontario.

The directors positions became available when Jalynn H. Bennett and Geoffrey W. Clarkson retired from the board. Directors can serve a maximum of four two-year terms. Robert Korthals remains chair of the board.